

**[Link to the paper: Targeted consultation on a digital euro](#)**

**1.- Target audience (potential stakeholders):**

This consultation is addressed to all stakeholders, in particular to key industries that could be affected by the adoption of a digital euro:

- payment services industry specialists, payment service providers (including credit institutions, payment and e-money institutions);
- payment infrastructure providers;
- developers of payment solutions;
- trade and professional associations, and chambers of commerce;
- consumer and retail investor associations;
- competent anti-money laundering authorities, Financial Intelligence Units, and other authorities; and
- innovation experts.

The CNMV would appreciate it if all the aforementioned potential stakeholders were to send a copy of their responses to the consultation to the following email address: [Documentosinternacional@cnmv.es](mailto:Documentosinternacional@cnmv.es)

**2.- Information Note**

In October 2020, the European Central Bank (ECB) published a report on a digital euro. Subsequently, it launched a public consultation addressed to both the general public (94% of the answers), and to the financial and technology sectors and sought their opinion on the main features of a digital euro. Other central banks from non-euro area Member States also envisage issuing digital currencies.

A digital euro is central bank digital money directly available to users, supplementing cash. The digital euro could support new cross-border solutions for payments and the development of instant payments, thus supporting innovation and strengthening competition and the EU's open strategic autonomy.

The adoption of a digital euro would require the adoption of a European Regulation as well as certain adjustments to the current EU regulatory framework for adaptation to a digital euro and possibly to digital currencies issued by central banks of non-euro area Member States, e.g., the definition of "funds" under Article 4(25) of Directive 2015/2366, on payment services in the internal market. For the development of the Regulation, an impact assessment will be prepared, which will be supported by the feedback from the EC's and the ECB's consultations.

The aim of this targeted consultation is to gather information on the impact expected from the adoption of a digital euro on key industries and stakeholders.

The paper is divided into the following sections:

1. Users' needs and expectations for a digital euro. Questions 1-6.

The digital euro would be available for retail payments. Like cash, it would be public money (a direct central bank liability), but in electronic/digital form. The overarching policy objective of a digital euro is to preserve the role of public money in the digital age by providing a digital public money together with cash, as a stabilising anchor for the payments system even as cash use declines, preserve monetary sovereignty and support the competitive provision of services.

The digital euro may bring benefits to the retail payment market, financial inclusion, the digitalisation of the economy and the EU's open strategic autonomy. Achieving these objectives requires identifying the features of a digital euro that fulfils the needs and expectations of possible users. The possible results expected from the adoption of the euro and what aspects or features of the digital euro would be important to support financial inclusion are also considered.

2. The digital euro's role in the EU's retail payment system and the digital economy. Questions 7-10.

*2.1. The digital euro's role in supporting pan-European payments and strengthening Europe's open strategic autonomy* The paper seeks views on what aspects or features of the digital euro would be important to support pan-European payments, strengthen Europe's open strategic autonomy, support a diversified economy and enhance competition in retail payment markets, where a variety of payment service providers offer a broad range of payment solutions.

*2.2. The digital euro's role for the digital economy.* The paper describes various options for development/implementation of the digital euro (integration into blockchain platforms, European Digital Identity Wallet ecosystem, etc.), and seeks opinions on which one of these would be the most suitable to support the development of the EU's digital economy, and whether the digital economy should be based on instruments or on accounts.

3. Making the digital euro available for retail use while continuing to safeguard the legal tender status of euro cash. Questions 11-32.

*3.1. The digital euro's role for the digital economy.* The paper proposes granting the digital euro the status of legal tender. The legal tender status implies that the digital euro is generally accepted as a means of payment and that it is universally accessible. The paper seeks views on the potential impacts of granting this status for the economy in general, and particularly for stakeholders; whether there would be a need for (justified and proportionate) exceptions and whether Member States can establish additional exceptions; whether there should be a provision for administrative sanctions for digital euro non-acceptance as a means of payment, and whether the payment in digital euros should also be an option.

*Estimation of costs.* The questions refer to what costs would imply that the digital euro is legal tender. While costs would very much depend on the specific design and functionalities, the paper describes the cost drivers (technological developments, new point of sale terminals for

the digital euro, software, maintenance, licences, etc.) and mentions possible savings on transaction costs.

*Merchant fees.* For merchants to be equipped to accept the digital euro, services of intermediaries may be needed. The paper seeks views on whether limits should be imposed on the fees to be applied and includes various options on what should be the basis for applying the fee.

*3.2. The legal tender status of euro cash.* If it were finally decided to include a definition of legal tender status for the digital euro in EU legislation, the paper seeks views on the following statements regarding the legal tender status of euro cash: whether the current situation is adequate (2010 Recommendation and ECJ jurisprudence) or whether it would be necessary to include a definition in a statutory regulation; whether it is necessary to define exceptions to the mandatory acceptance principle and whether Member States can establish additional exceptions; whether there should be a provision for administrative sanctions for cash non-acceptance, and whether or not surcharges should be established for the use of euro banknotes and coins.

*4. The digital euro's impact on the financial sector and financial stability.* Questions 33-41.

The paper seeks to gather information on:

- i) the positive impacts/opportunities and negative impacts/challenges of the digital euro on the profit & loss account and business models of financial intermediaries, in particular, of providers of payment services and crypto-asset services;
- ii) whether limits could be established to the store of value function of the digital euro (e.g., holding caps, limitations to transactions, etc.) for financial stability purposes and/or to avoid structural disintermediation;
- iii) what effects would the holding limits or disincentives to the store of value function have on the different types of payments: *person-to-person*, *person-to-business*, *business-to-business*, *machine-to-machine* and others; and
- iv) how would a retail digital euro, without any holding limits or disincentives for store of value function, impact on **EU credit institutions** (volume (value) of retail deposits, liquidity risk, revenue from payment services and net interest, ability to perform anti-money laundering obligations, operational costs in retail payments); and what would be the risks and impact on credit institutions of the non-issuance of a digital euro;
- v) how would a retail digital euro, without any holding limits or disincentives for store of value function, impact on **providers of payment service** (excluding credit institutions) **and of crypto-asset services** (specifically, on the volume (value) of funds on payment accounts, the volume of payments initiated, revenue from payments, revenue from data management, ability to perform anti-money laundering obligations or operational costs in retail payments); and if the impact depends on whether the digital euro is bearer instrument/token based or account based;
- vi) in what areas could financial intermediaries offer value in the distribution; of the digital euro: on boarding, KYC (Know Your Customer), transaction verification, client management, IT services, additional services, etc.);

vii) what would be the increase (if any) in the expenses related to the distribution of the digital euro in terms of: one-off expenses, annual/periodic expenses and other expenses; and what other additional digital euro services could financial institutions offer.

*5. Application of anti-money laundering and counter terrorist financing (AML/CTF) rules.*  
Questions 42-45.

The paper states that it may be necessary to devise specific AML/CFT rules based on the exact final design features of a digital euro. Therefore, it proposes compliance costs according to the design model of the euro and the specific challenges arising from the controls and verifications to ensure compliance with these rules. In the event that the digital euro provides for a functionality that would allow the user to perform low-value transactions off-line, the paper seeks views on the specific challenges that this functionality could generate in complying with AML rules and the risks of this functionality compared to other options (only on-line transactions, etc.).

*6. Privacy and data protection aspects.* Questions 46-49.

It is important to ensure an appropriate level of privacy and data protection for the user of a digital euro in accordance with EU legislation. To achieve this objective, the paper offers several options to ensure the anonymity of the payee and payer of digital euros (at the level of payer, intermediary, on-line or off-line, low value, etc.). The paper also seeks views on a series of activities relating to the processing of personal data by individuals, intermediaries and central banks and on whether the latter should have access to personal data for certain purposes (AML, fraud, risk mitigation, etc.).

*7. International payments with a digital euro.* Question 50.

In principle, the digital euro is aimed to be used within the euro area but it could also have potential cross-border use. To this end, the paper states various cross-border users and use cases for the digital euro that could bring benefits but could also impact on third countries' economies and monetary systems.

### **3.- Submission of comments**

The deadline for submitting comments is **14 June 2022**.

Respondents may send their comments through the online response form available at the following link: <https://ec.europa.eu/newsroom/fisma/redirection/item/742304/en/166>

Likewise, as indicated above, the CNMV would also appreciate it if stakeholders could send a copy of their responses to the consultation to the following address:

[Documentosinternacional@cnmv.es](mailto:Documentosinternacional@cnmv.es)

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